

STATE BONDING FUND
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008

	September-08				Current FYTD	Prior Year FY08	3 Years Ended 6/30/2008	5 Years Ended 6/30/2008
	Market Value	Allocation Actual	Policy	Quarter Net ROR	Net	Net	Net	Net
LARGE CAP DOMESTIC EQUITY								
Structured Growth								
Los Angeles Capital	64,541	2.7%	2.8%	-12.89%	-12.89%	-7.79%	7.68%	N/A
Total Structured Growth	64,541	2.7%	2.8%	-12.89%	-12.89%	-7.79%	7.68%	9.56%
Russell 1000 Growth				-12.33%	-12.33%	-5.96%	5.91%	7.32%
Structured Value								
LSV	60,981	2.6%	2.8%	-6.65%	-6.65%	-21.43%	3.81%	11.57%
Russell 1000 Value				-6.11%	-6.11%	-18.78%	3.53%	8.92%
Russell 1000 Enhanced Index								
LA Capital	130,407	5.5%	5.6%	-9.52%	-9.52%	-9.54%	6.97%	N/A
Russell 1000				-9.35%	-9.35%	-12.36%	4.81%	
S&P 500 Enhanced Index								
Westridge	134,346	5.6%	5.6%	-8.06%	-8.06%	-12.18%	4.98%	N/A
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	
Index								
State Street	42,142			-11.64%	-11.64%	-18.24%	2.93%	6.64%
Total 130/30	42,142	1.8%	1.9%	-11.64%	-11.64%	-18.24%	2.93%	6.64%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.59%
TOTAL LARGE CAP DOMESTIC EQUITY	432,417	18.1%	18.8%	-9.42%	-9.42%	-12.71%	5.68%	9.31%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.59%
SMALL CAP DOMESTIC EQUITY								
Manager-of-Managers								
SEI	70,554	3.0%	3.1%	-6.64%	-6.64%	-20.93%	2.06%	9.10%
Russell 2000 + 200bp				-0.61%	-0.61%	-14.48%	5.88%	12.50%
Enhanced								
Research Affiliates	76,188	3.2%	3.1%	-2.34%	-2.34%	N/A	N/A	N/A
Russell 2000				-1.11%	-1.11%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	146,741	6.2%	6.3%	-4.46%	-4.46%	-21.14%	1.97%	9.04%
Russell 2000				-1.11%	-1.11%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY								
Large Cap - Active								
Capital Guardian	86,992	3.7%	4.0%	-19.12%	-19.12%	-12.37%	12.24%	14.35%
LSV	86,189	3.6%	4.0%	-17.02%	-17.02%	-25.78%	7.37%	N/A
Total Large Cap - Active	173,182	7.3%	8.0%	-18.09%	-18.09%	-19.29%	9.83%	13.46%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%
Small Cap - Value								
DFA	19,897	0.8%	1.0%	-20.83%	-20.83%	N/A	N/A	N/A
Total Small Cap Value	19,897	0.8%	1.0%	-20.83%	-20.83%	-12.74%	9.30%	17.27%
S&P/Citigroup Broad Market Index < \$2BN				-23.50%	-23.50%	-25.49%	7.39%	17.33%
Small Cap - Growth								
Vanguard	19,088	0.8%	1.0%	-25.01%	-25.01%	-17.52%	11.77%	20.18%
Citigroup Broad Market Index < \$2BN				-23.50%	-23.50%	-25.49%	7.39%	17.33%
TOTAL INTERNATIONAL EQUITY	212,166	8.9%	10.0%	-19.01%	-19.01%	-18.83%	9.79%	14.56%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%

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DOMESTIC FIXED INCOME								
Core Bond								
Western Asset	400,177	16.8%	17.1%	-5.05%	-5.05%	2.06%	2.76%	3.55%
<i>Lehman Aggregate</i>				-0.49%	-0.49%	7.12%	4.09%	3.86%
Mortgage Backed								
Hyperion	77,015	3.2%	4.4%	-21.09%	-21.09%	-20.24%	N/A	N/A
<i>Lehman Global Aggregate (US Securitized Portion)</i>				-1.46%	-1.46%	10.14%		
Core Plus/Enhanced								
<i>Clifton Group</i>	121,889	5.1%	4.4%	0.43%	0.43%	10.17%	N/A	N/A
<i>Prudential</i>	118,769	5.0%	4.4%	-1.35%	-1.35%	4.89%	N/A	N/A
Total Core Plus/Enhanced	240,658	10.1%	8.8%	-0.46%	-0.46%	7.55%	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%	7.12%		
Index								
Bank of ND	209,837	8.8%	7.7%	-1.24%	-1.24%	7.68%	3.93%	3.28%
<i>Lehman Gov/Credit (1)</i>				-1.64%	-1.64%	7.24%	3.84%	3.24%
BBB Average Quality								
Wells Capital (formerly Strong)	410,286	17.2%	17.1%	-3.67%	-3.67%	3.55%	3.04%	3.85%
<i>Lehman US Credit BAA</i>				-4.85%	-4.85%	2.62%	2.52%	3.59%
TOTAL DOMESTIC FIXED INCOME	1,337,974	56.1%	55.0%	-4.37%	-4.37%	2.32%	3.89%	5.04%
<i>Lehman Aggregate (2)</i>				-0.49%	-0.49%	7.12%	4.09%	3.73%
CASH EQUIVALENTS								
Bank of ND	253,896	10.7%	10.0%	0.48%	0.48%	3.43%	4.10%	3.38%
<i>90 Day T-Bill</i>				0.63%	0.63%	3.63%	4.27%	3.18%
TOTAL BONDING FUND	2,383,194	100.0%	100.0%	-6.34%	-6.34%	-4.14%	4.30%	5.86%
POLICY TARGET BENCHMARK				-3.56%	-3.56%	-0.90%	5.01%	5.95%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.